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ROLE AND OBJECTIVES OF SUPPLY AND MARKETING COOPERATIVES IN CHINA

Yeh Yang

A. Supply and Marketing Cooperatives and the Economy of the New People's Democracy

The economy of the people's democracy of new China is still to a great extent based on individual peasant farming and handicraft with the state's assistance. On their own initiative, peasants and handicraft workers should strive toward collective and socialistic societies. But this can only be achieved after a proper period of time. The best way to organize these disorganized, small, independent producers, is to explain the nature of the various cooperatives. And the easiest way to accomplish this is to explain the supply and marketing cooperatives, because they unite producers and consumers. Through these cooperatives, the capitalistic middleman's profit is eliminated, the people's livelihood is improved, and production is constantly increased. At the same time, a close relationship is developed between small producers and state economic organizations. The supply and marketing cooperative is also an important part of state administration for the development of a free trade market. Therefore, the supply and marketing cooperative is playing an increasingly important part in the development of the new people's democratic economy.

The supply and marketing cooperative under the people's government is not limited in functions. In the new people's democracy private economic activity is still active and the concept of surplus value still exists. Old ideas of production are not eliminated merely by changing the method of transaction. The method of production of the small producers is still inadequate, however. If it is not basically changed, it will be impossible to change completely of production development. The supply and marketing cooperative not only improves the people's livelihood, but also serves the function of collective supply and marketing, progressively eliminates the middleman's profiteering, advances the concept of collectivism, and consequently aims toward the goal of developing the collectivized method of production. Therefore, the supply and marketing cooperatives of the new people's democracy have far-reaching significance.

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B. Increasing Production and Improving the People's Livelihood

In a capitalistic society, the organization of cooperatives serves to reduce the operational costs of the capitalists and promotes class distinction. The organization of supply and marketing cooperatives, under the new people's democracy, is basically different. It differs in the method of production and management. The people (especially the working class), who are the leaders of the state, organize supply and marketing cooperatives. Generally speaking, the individual peasants and handicraft workers are responsible only for the production of goods and not for their distribution. That is, for their products to reach the consumer, and for them to secure their production needs and items of necessity, they still must depend on the additional capital investment to facilitate this service. This costs them a large portion of their profit. This kind of loss has a tremendous effect on the producers. For this reason, under the people's government, through supply and marketing cooperatives the products of the peasants can be exchanged for a fair price, and production needs can be rapidly secured. Also the people are not then subject to the law of supply and demand, nor to price fluctuations. And, with prices stabilized and the middleman's profit removed, the material income of the labor class is gradually increased and incentive for greater production is given a boost.

As mentioned above, supply and marketing cooperatives also play an important part in changing the methods of production, because their responsibility is not only to expedite the flow of goods for the small producers, but, by so doing, gradually to induce these small producers to join supply and marketing cooperatives. The aim then is for supply and marketing cooperatives to develop into closely related federations. In this way the concept of cooperatives and collectivization will advance.

Furthermore, supply and marketing cooperatives are the agents of direct exchange between urban industrial products and agricultural products.

Also, through the supply and marketing cooperatives it is possible to increase the people's savings and improve their economy practices. Because the consumers can readily purchase items of necessity, they are not concerned about shortages, nor do they worry about price changes, and consequently they no longer need to hoard excessive goods. This, then, means a reduction in unnecessary spending and overpurchasing. This can also result in increased production capital and more flexible production.

C. Capitalistic Control and the Free Trade Market

In the new people's democratic society where there are both private capital and small producers, a free trade market is a significant matter. If markets are permitted to develop freely, then private products will flow into the market without restriction. A disorderly, flooded market would tremendously effect the national economy. The state economic organization should take effective measures to control market conditions so that they do not control the economy. Moreover, the state must effectively control the expansion of capitalism.

The method of control should be to adopt a positive policy, to regulate supply and demand firmly, and to stabilize production and consumption. The government should, by means of scientific statistics, regulate the distribution of goods and actively direct the market. Only when prices can be set by the people, can it be called a top control policy. But to reach this goal, the state should assume the controlling hand. For the state trading enterprises, this creates no problems; but for the small producers and especially the scattered agricultural producers, it is not too easy. Naturally, the state can assume control through taxation, but much of this still fall on the shoulders of the many producers.

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Consequently, only through supply and marketing cooperatives can a control program operate smoothly. Thereby goods enter the market in orderly fashion, making possible an equilibrium in currency and price. This will also preserve the state's guarantee of a free market under its leadership and direction. This policy plays an important part in the strengthening of the new people's democratic economy in its opposition to a capitalistic market.

D. Commercial Capital

Private enterprise flourishes in the presence of a free market, in which the producers lose a part of their labor income through merchants' profit and the consumers are also burdened with added obligations. In addition, the peculiar nature of commercial investments, when resources are pooled to take advantage of the market, can easily create economic catastrophe. This is even more apparent under the different means of production in industry and agriculture. However, the new people's democracy has a policy of firmly directing private capitalists with positive control, gradually leading them toward socialism. As for the private merchants, they also are given correct leadership. On the other hand, state trading organizations are established, and supply and marketing cooperatives and consumer cooperatives are organized to resist the expansion and undesirable features of commercial capitalism. While the state economic power is not strong enough to control the people's economy, especially in many urban areas, the establishment of cooperatives is comparably more favorable than the establishment of state commercial organizations. At the same time, cooperatives are more readily put into smooth operation.

In addition, under the new people's democracy, there are two types of distribution of goods. One is a capitalistic type of distribution, done by profit-making private capitalists. The other is the socialistic type of distribution, which consists of the state and the collective economies of the people. The socialistic type is employed to resist the capitalistic type and to lessen the middleman's profit. Other than by state trading organizations, from the people's position, commercial enterprises can be replaced by supply and marketing cooperatives. But this concept must be implemented by the following provisions: (1) a planned people's program for production and consumption; (2) financial assistance for producers of products needed by the national economy so as to strengthen capital funds and fulfill the demand for goods; (3) granting of special taxation exemptions to transportation companies; (4) organization and expansion of cooperatives based on the principle of the people's democracy; and gradual application of scientific methods in their management; and (5) setting up the goal of cooperatives for supplying the people's needs and those things which are conducive to the expansion of production and not for profit.

It is far easier to promote cooperative enterprises than private enterprises. In the last analysis, because they are an important cycle in the building of the new people's democratic economy, supply and marketing cooperatives will progress in the future, and will lead to the overthrow of private commercial enterprises.

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